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Tobacco and Products

Annual

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Report Highlights:

Tobacco was America's second largest ag. export item to Malaysia in 2002 behind fresh fruits. Leaf imports rose to meet the shortfall in local leaf output and the increase in cut-filler exports in 2002. Outlook for leaf imports in 2003 is less promising as local leaf output is expected to increase and tobacco manufacturers work down in stocks. Post expects a 8% increase in cigarette output in 2003.

Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Kuala Lumpur [MY1], MY

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Executive Summary

Tobacco was America's second largest ag export item, after fresh fruits to Malaysia in 2002. Increase in cut-filler re-exports and low domestic output resulted in a sharp increase flue-cured leaf imports. Imports of burley tobacco also soared in response to the sharp increase in production of US blended cigarettes. The import value of U.S. flue-cured and burley leaves reached a historical high of US\$142 million. The U.S. remains the top supplier of tobacco leaves to Malaysia. Switzerland emerged as a serious competitor in 2002. However, Thailand and Brazil recorded substantial gains in the lower priced leaf import market. While the outlook for flue-cured and burley tobacco consumption is brighter in 2002, Post expects leaf imports to decline as local leaf output increases and tobacco manufacturers work down on stocks.

Domestic cigarette output declined by 8% in 2002 mainly due to a significant drop in overseas demand for cigarettes. In 2002, the top 4 brands sold in the country were Dunhill, Marlboro, Salem and Benson & Hedges. The 2003 lookout for cigarette manufacturing is more promising with greater demand from the domestic as well as the overseas market. Post expects a eight percent increase in cigarette output in 2003.

Exchange rates: Pegged at US\$1.00 = RM3.799 since 1998.

Tobacco, Unmfg., Flue Cured:

PSD Table						
Country	Malaysia					
Commodity	Tobacco,Unmfg.,Flue Cured				(HA)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	16000	15972	0	14390	0	11000
Beginning Stocks	17283	17283	19483	19202	19483	21135
Farm Sales Weight Prod	10000	8299	0	11468	0	12000
Dry Weight Production	9000	7470	0	10320	0	10800
U.S. Leaf Imports	3500	6536	0	13170	0	11000
Other Foreign Imports	8000	11514	0	9764	0	8000
TOTAL Imports	11500	18050	0	22934	0	19000
TOTAL SUPPLY	37783	42803	19483	52456	19483	50935
Exports	300	101	0	871	0	700
Dom. Leaf Consumption	6540	6500	0	7450	0	10300
U.S. Leaf Dom. Consum.	3500	6000	0	13000	0	12000
Other Foreign Consump.	7960	11000	0	10000	0	7800
TOTAL Dom. Consumption	18000	23500	0	30450	0	30100
TOTAL Disappearance	18300	23601	0	31321	0	30800
Ending Stocks	19483	19202	19483	21135	0	20135
TOTAL DISTRIBUTION	37783	42803	19483	52456	0	50935

Production

The local tobacco leaf sector fared better in 2002 . Improved weather conditions resulted in an increase in harvested area. 83 percent of the planted area was harvested versus 55 percent in the previous year. Yield per hectare also showed a significant improvement and the output of flue-cured tobacco rose to 11,468 MT in 2002. The total value of the 2002 crop was estimated at US\$41 million compared to US\$30 million in 2001.

The outlook for 2003 is much brighter. Unlike the past years, near ideal weather conditions cut the need of replanting. As a result, Post expects a decline in planted area. Improvement in yields is already in place and the flue-cured leaf

output is forecast at 12,000 MT, against a given quota of 13,000 MT.

The following table provides a comparison of the domestic production quota and actual output of tobacco over the past ten years:

Year	Production Quota (MT)	Actual Output (MT)	Actual/Quota (Percent +/-)
1993	11,403	9,942	-12.8
1994	9,764	6,172	-36.8
1995	12,399	10,467	-15.6
1996	12,561	11,988	- 4.6
1997	13,300	11,444	-14.0
1998	14,160	11,361	-19.8
1999	14,400	7,817	-45.7
2000	15,100	7,259	-51.9
2001	15,100	8,299	-45.0
2002	15,000	11,468	-24.0
2003 1/	13,000	12,000	-7.7

1/ Estimate

An increase in harvested area and average yield in CY2002, contributing to the increase in leaf output. The following table provides a comparison of output, area, and yields over the past 10 years.

		Area (HA)		Yield (KG/HA)	
Year	Output (MT)	Planted	Harvested	Planted	Harvested
1993	9,942	12,355	10,333	805	962
1994	6,172	10,219	6,871	603	898
1995	10,467	10,525	9,889	994	1,058
1996	11,988	10,982	10,431	1,092	1,149
1997	11,444	10,790	10,148	1,060	1,127
1998	11,361	14,200	11,739	800	968
1999	7,817	18,522	8,328	422	1,065
2000	7,259	15,764	9,129	460	795
2001	8,299	15,972	8,863	520	936
2002	11,468	14,390	11,936	797	1,041

Consumption

The domestic cigarette market has not fully recovered from the hefty price increase in late 2001. The strong growth in domestic consumption of flue-cured tobacco in 2002 reflected more on the increase in overseas demand for cut-fillers rather than the domestic cigarette market.

While tobacco manufacturers are keen to export more cut-fillers, some disruptions in getting raw leaves are expected to result in lower leaf consumption in 2003. With a bigger availability of local leaves, the usage of foreign lower-grade is expected to decrease. Post expects the domestic consumption of flue-cured leaves to decline by one percent in 2003.

Trade

2002 was a banner year for the U.S. flue-cured leaves. In term of volume, imports doubled to 13,170 MT while its value reached a historical high of US\$77.3 million. Switzerland emerged as a new competitor with a recorded exports of 505 MT to Malaysia. Three consecutive years (1999 to 2001) of low domestic output forced the tobacco manufacturers to sharply increase cheap leaf imports as fillers. Suppliers such as Brazil and Thailand recorded

substantial gains in the lower-priced leaf import market.

In 2002, Malaysia exported/re-exported a total of 871 MT of flue-cured tobacco , mainly to Australia, Paraguay and the Philippines.

With the build-up in carry-over stock level and an anticipated increase in local leaf output, total flue-cured tobacco imports are expected to fall to 19,000 MT in 2003 as tobacco manufacturers work down on stocks. The United States will continue to be the top supplier, with a market share of about 50 percent.

Factors Affecting U.S. Trade

Cigarette manufacturers rely on US tobacco to maintain the desired flavor in the cigarette. Since the Malaysian Custom applies the same tariff on all leaves regardless of quality and grade, local tobacco manufacturers tend to import high-valued leaf which augurs well for the U.S.

Trade Trends

Import volumes and values of Unmanufactured Flue-Cured Tobacco in CY2001 are provided below :

		2001 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	6,536	47,639,633
2	Indonesia	3,937	10,682,874
3	China	2,037	5,030,389
4	Brazil	1,735	5,375,631
5	Thailand	983	2,746,492
6	Zimbabwe	808	2,958,142
7	Philippines	384	794,465
8	India	379	1,238,126
9	Spain	333	702,793
10	Canada	319	1,342,459
11	Argentina	149	315,281
12	Pakistan	133	185,473
13	Vietnam	119	321,201
14	Italy	65	320,350
15	Greece	59	144,270
16	U.A.E.	30	3,979
17	Mozambique	20	93,084
18	United Kingdom	10	7,106
19	Kenya	10	6,845
20	Germany, FR	4	21,221
	--Total	18,050	79,929,814

Trade Trends

Import volumes and values of Unmanufactured Flue-Cured Tobacco in CY2002 are provided below :

		2002 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	13,170	77,339,876
2	Brazil	2,747	7,524,041
3	Indonesia	2,020	5,805,635
4	Thailand	1,586	4,541,709
5	China	709	2,250,032
6	Zimbabwe	528	1,533,551
7	Switzerland	508	2,563,871
8	Canada	263	934,579
9	India	243	487,492
10	Spain	178	498,106
11	Pakistan	169	216,045
12	Argentina	165	515,033
13	Philippines	129	243,885
14	Italy	114	517,008
15	Vietnam	97	259,755
16	Turkey	86	232,701
17	Kenya	74	109,105
18	U.A.E.	62	72,704
19	Australia	54	143,709
20	Malawi	21	104,674
21	Netherlands	5	16,431
22	Germany, FR	5	33,673
	--Total	22,934	105,943,614

Import Trade Matrix for Tobacco, Unmfg, Flue-Cured

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Flue Cured		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	6536	U.S.	13170
Others		Others	
Indonesia	3937	Brazil	2747
China	2037	Indonesia	2020
Brazil	1735	Thailand	1586
Thailand	983	China	709
Zimbabwe	808	Zimbabwe	528
Philippines	384	Switzerland	508
India	379	Canada	263
Spain	333	India	243
Canada	319	Spain	178
Argentina	149	Pakistan	169
Total for Others	11064		8951
Others not Listed	450		813
Grand Total	18050		22934

Export Trade Matrix for Tobacco, Unmfg, Flue-Cured

Export Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Flue Cured		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
Philippines	58	Australia	827
Singapore	22	Paraguay	23
China	20	Philippines	21
Australia	1		
Total for Others	101		871
Others not Listed			
Grand Total	101		871

Stocks

A higher volume of local leaves in storage for the 'maturing' process together with an increase in leaf imports resulted in an increase in stock level at the end of 2002. We foresee manufacturers working down on stocks during 2003.

Policy**Production policy**

The Malaysian Agricultural Research and Development Institute (MARDI) and the Tobacco Board still face an uphill task to prepare the farmers to face the eventual removal of tariff protection under the ASEAN Free Trade Area (AFTA) in 2010. The effort to encourage the farmers to cure their own leaves in order to eliminate the middle-men fall short of expectations. To date, only 2,500 hectares are under such scheme. A pilot project to plant tobacco on an estate basis will be expanded in the state of Perlis to produce about 1,500 MT of flue-cured leaves in 2003. The

Government is committed to assist tobacco farming until a suitable replacement crop is found. Presently, the tobacco industry generates an annual income of US\$53 million for some 100,000 people in the rural sector.

Tariff Changes

Import duties remain unchanged since Jan 1, 2002.

Non-Tariff Barriers

All imports of flue-cured or Virginia tobacco must be approved by the Ministry of Primary Industries (MPI). While MPI has been quite lenient in granting permits in the past, at least one cigarette manufacturer has voiced difficulties in getting the requested volume in 2003. The industry is also concerned with the possibility of new requirements on the usage of local leaf in the manufacture of cigarettes/cut-fillers for the export market.

Competitor Activities

Most competitor countries do little in the way of market promotion but use lower prices as a selling point.

Tobacco, Mfg., Cigarettes:

PSD Table						
Country	Malaysia					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Filter Production	25600	25600	28300	23500	0	25300
Non-Filter Production	2850	2850	3000	2600	0	2800
TOTAL Production	28450	28450	31300	26100	0	28100
Imports	1233	1236	1100	1657	0	1400
TOTAL SUPPLY	29683	29686	32400	27757	0	29500
Exports	9112	9475	10000	6925	0	8000
Domestic Consumption	20571	20211	22400	20832	0	21500
TOTAL DISTRIBUTION	29683	29686	32400	27757	0	29500

Production

The Malaysian cigarette industry is dominated by British American Tobacco (M) Bhd (BAT) which accounts for 70 percent of the Malaysian cigarette market. JT International (the former R.J. Reynolds Tobacco Company Bhd) and Philip Morris share the remaining 30 percent.

Domestic cigarette output declined by 8% in 2002 mainly due to a significant drop in overseas demand for cigarettes. The 2003 lookout for cigarette manufacturing is more promising with greater demand from the domestic as well as the overseas market. Post expects a eight percent increase in cigarette output for 2003.

Consumption

In 2002, the top 4 brands sold in the country were Dunhill, Marlboro, Salem and Benson & Hedges. The cigarette companies have again expressed concern that high excise duty encourages smuggling of non-duty paid cigarettes into the country. The non-duty paid (contra-bands and counterfeit) cigarettes make up roughly 20-22 percent of the total cigarette market. Reportedly, the GOM is losing about US\$263 million in taxes due to such activities. The manufacturers are working with the GOM to require all cigarette packs sold in the country to feature a visible security marking in order to stem out the illegal cigarettes.

The outlook for cigarette consumption is brighter in this current year. The industry expects a 2 to 3 percent growth in the domestic consumption of cigarettes in 2003.

Younger Malaysians prefer to smoke American-blended cigarettes. With about half of the population below age 25, the demand for these cigarettes should continue to climb. The local market share for American-blend cigarettes has expanded from 38 percent in 1998 to close to 50 percent in 2002. Marlboro has overtaken Salem as the current leading American-blended cigarette brand. Other good sellers include Camel, Winston, Kent, Lucky Strike and Peter Stuyvesant. In the straight Virginia or English-blend segment, Dunhill and Benson & Hedges are the top brands.

Prices

Cigarette prices remain unchanged since October 22. Some representative cigarette prices are as follows (RM per pack of 20):

Cigarette Representatives	Prices
Benson (sp. Filter)	RM5.00
Rothmans International	RM5.00
Pall Mall Kings	RM5.00
Mild Seven King Size	RM5.00
Lucky Strike	RM5.20
Dunhill King Size	RM5.00
Player's Gold Leaf 100's	RM3.60
Peter Stuyvesant King Size	RM5.00
SE 555 Kings	RM5.00
Kent Kings	RM5.00
Marlboro King Size	RM5.00
Salem King Size	RM5.00
Camel (Regular)	RM5.20

Trade

Imports of cigarettes rose 34 percent in 2002. Imports from China and Hong Kong recorded substantial gains while imports of premium brands from Switzerland and Singapore went the other way. In general, very high Malaysian tariffs restrict imports of cigarettes for the local market. For example, a popular Japanese brand amongst the Japanese expatriates living in Malaysia is being produced in Malaysia instead of being imported from Japan. Imports of American and European cigarettes are destined for the higher-priced specialty shops. Imports of 'kretek' cigarettes from Indonesia also recorded a big increase.

Imports of cigarettes by volume and value in CY2001 are listed below:

		2001 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	23	377,840
2	Hong Kong	226	5,348,286
3	Indonesia	182	3,118,055
4	Philippines	171	2,023,139
5	Switzerland	149	3,597,009
6	Singapore	131	3,414,865
7	China	95	1,255,011
8	Japan	91	1,496,411
9	Germany	81	2,148,404
10	Cyprus	31	425,112
11	U.K.	13	302,417
12	South Africa	13	152,508
13	Belgium	7	172,703
14	Australia	7	144,194
15	Vietnam	5	41,904
16	Netherlands	4	105,028
17	Thailand	4	43,265
18	Taiwan	1	28,993
	Total:	1,236	24,195,144

Imports of cigarettes by volume and value in CY2002 are listed below:

		2002 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	57	904,116
2	China	445	8,869,298
3	Hong Kong	309	5,546,492
4	Indonesia	266	3,548,670
5	Philippines	113	1,511,820
6	Singapore	104	1,796,987
7	Japan	100	1,353,482
8	U.K.	75	799,391
9	Switzerland	69	1,781,079
10	Germany	59	1,522,502
11	South Africa	54	751,556
12	Thailand	4	60,036
13	Vietnam	1	6,563
	Total	1,657	28,451,991

Exports of cigarettes dropped 27 percent to 6,925 MT in 2002 primarily due to a sharp decrease in demand from Singapore, Hong Kong and Belgium. The outlook for cigarette exports in 2003 is more promising and Post expects cigarette exports to rebound to 8,000 MT in 2003.

Exports of cigarettes by volume and value in CY2001 are listed below:

		2001 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	88	590,023
2	Singapore	3,598	56,463,347
3	Hong Kong	1,608	20,606,250
4	Korea Rep.	690	6,358,894
5	China	508	6,703,749
6	Philippines	422	7,647,808
7	Thailand	375	5,779,330
8	Taiwan	366	3,874,261
9	Brunei	352	8,394,268
10	Vietnam	224	5,070,280
11	Indonesia	223	1,802,615
12	Belgium	217	2,393,187
13	Cambodia	194	1,883,829
14	Iran	182	588,256
15	Japan	97	949,624
16	Kuwait	62	329,925
17	Maldives	51	483,163
18	U.K.	38	645,663
19	U.A.E.	25	425,829
20	Nepal	20	202,190
21	Moldova	20	196,588
22	Nigeria	18	53,389
23	Panama	14	87,460
24	Jordan	13	35,631
25	Benin	13	38,238
26	Finland	12	273,260
27	Norway	8	63,874
28	Chile	7	43,615

29	Burma	4	39,423
30	Australia	3	64,315
31	Bahrain	3	20,304
32	Netherlands	1	11,899
33	Pakistan	1	3,075
34	Bulgaria	1	10,716
35	Ireland	1	11,582
36	Others	18	295,431
	Total	9,475	132,441,292

Exports of cigarettes by volume and value in CY2002 are listed below:

		2002 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	290	1,895,028
2	Singapore	1,585	36,852,268
3	Hong Kong	1,243	16,223,936
4	Taiwan	1,070	9,565,769
5	Philippines	624	12,419,870
6	Thailand	481	6,343,652
7	Indonesia	393	2,574,989
8	Brunei	297	8,108,304
9	Iran	169	747,551
10	Vietnam	91	2,261,927
11	Cambodia	88	925,694
12	Japan	83	855,973
13	U.A.Emirates	66	401,079
14	Kuwait	48	308,364
15	Maldives	39	379,619
16	Moldova	36	353,067
17	Loa, PDR	29	285,592
18	Panama	29	176,464
19	Nepal	23	209,464
20	China	22	306,182
21	South Africa	21	122,210

22	United Kingdom	18	234,832
23	Benin	18	83,042
24	Australia	15	253,597
25	Germany	11	44,934
26	Chile	10	64,409
27	Jordan	10	77,502
28	Kenya	9	54,158
29	Saudia Arabia	9	59,041
30	Ireland	8	92,029
31	Netherlands	8	72,702
32	Uruguay	7	40,106
33	Greece	7	35,543
34	Romania	5	35,117
35	Congo	4	42,351
36	India	4	50,415
37	Pakistan	4	16,363
38	Mauritius	2	20,964
39	Korea Rep.	2	22,030
40	Burma	2	36,134
41	Others	49	747,307
	Total	6,925	103,399,580

Export Trade Matrix for Tobacco, Mfg, Cigarettes

Export Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	2001		2002
U.S.	88	U.S.	290
Others		Others	
Singapore	3598	Singapore	1585
Hong Kong	1608	Hong Kong	1243
Korea Rep.	690	Taiwan	1070
China	508	Philippines	624
Philippines	422	Thailand	481
Thailand	375	Indonesia	393
Taiwan	366	Brunei	297
Brunei	352	Iran	169
Vietnam	224	Vietnam	91
Indonesia	223	Cambodia	88
Total for Others	8366		6041
Others not Listed	1021		594
Grand Total	9475		6925

Import Trade Matrix for Tobacco, Mfg, Cigarettes

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	23	U.S.	57
Others		Others	
Hong Kong	226	China	445
Indonesia	182	Hong Kong	309
Philippines	171	Indonesia	266
Switzerland	149	Philippines	113
Singapore	131	Singapore	104
China	95	Japan	100
Japan	91	United Kingdom	75
Germany	81	Switzerland	69
Cyprus	31	Germany	59
United Kingdom	13	South Africa	54
Total for Others	1170		1594
Others not Listed	43		6
Grand Total	1236		1657

Policy**Marketing Policy**

Effective Jan 01, 2003, the GOM has imposed stricter rules on mass marketing for the cigarette industry. These rules restricts advertisements of tobacco brands via non-tobacco products and services. In Malaysia, this would mean, among other things, the termination of marketing efforts such as the Dunhill sponsorship of the United Kingdom Premier League Soccer games on television or Kent's concerts and musical events. However, there is no restriction on point-of-sale and one-to-one marketing .

Tariff Changes

Import duties on cigarettes remain unchanged since October 2001.

Import Requirements

All cigarette packages are required by the GOM to carry the warning: Amaran Kementerian Kesihatan Malaysia-merokok membahayakan kesihatan ("Warning by the Malaysian Ministry of Health-smoking endangers health"). Labels must also state that the levels of tar and nicotine are below the allowable maximum levels. Where the container is a packet which is a rectangular block in shape, the words shall be placed on either side panel of the packet. The words shall be in block letters of not less than 3mm in height and in the same color and background as the name of the brand. If the words appear on a label, the label shall be securely affixed to the container. This rule applies to imported as well as domestically manufactured cigarettes.

Tobacco, Unmfg., Total:

PSD Table						
Country	Malaysia					
Commodity	Tobacco, Unmfg., Total				(HA)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	16804	16804	15850	15241	0	12000
Beginning Stocks	18921	18921	26498	20658	24548	22484
Farm Sales Weight Prod	9395	9395	10530	12868	0	13500
Dry Weight Production	8460	8455	9500	11580	0	12150
U.S. Leaf Imports	9933	9933	7600	23355	0	21550
Other Foreign Imports	18617	18617	14000	16320	0	14600
TOTAL Imports	28550	28550	21600	39675	0	36150
TOTAL SUPPLY	55931	55926	57598	71913	24548	70784
Exports	433	433	550	1269	0	1100
Dom. Leaf Consumption	7300	7335	8350	8430	0	11550
U.S. Leaf Dom. Consum.	6700	9400	7500	23180	0	22300
Other Foreign Consump.	15000	18100	16650	16550	0	14400
TOTAL Dom. Consumption	29000	34835	32500	48160	0	48250
TOTAL Disappearance	29433	35268	33050	49429	0	49350
Ending Stocks	26498	20658	24548	22484	0	21434
TOTAL DISTRIBUTION	55931	55926	57598	71913	0	70784

Production

The state of Sabah in East Malaysia remains the main burley growing area in Malaysia followed by the states of Kelantan and Perlis in the Peninsula. Total area rose from 832 hectares in 2001 to 851 hectares in 2002. Domestic burley output rose to 1,400 MT in 2002, reflecting an improvement in yields. Yield per hectare rose from 1,317kg/ha in 2001 to 1,645 kg/ha in 2002. For 2003, farmers plan to increase planted area and Post expects domestic burley output to increase to 1,500 MT.

Summary for area and production for Flue-cured and Burley

Year	2000	2001	2002	2003 1/
AREA (Hectares)				
Flue-Cured	15,764	15,972	14,390	11,000
Burley	831	832	851	1,000
--TOTAL	16,595	16,804	15,241	12,000

Year	2000	2001	2002	2003 1/
PRODUCTION (Metric Tons)				
Flue-Cured	7,260	8,299	11,468	12,000
Burley	928	1,096	1,400	1,500
--TOTAL:	8,188	9,395	12,868	13,500

1/ Agatt's estimate

Consumption

All the major cigarette manufacturers are stepping up cigarette and cut-filler exports to countries within the region. In line with a gradual shift to U.S. blend cigarettes in the local market, burley usage is expected to increase in the coming years.

Trade

In 2002, imports of burley rose 92 percent to 15,471 MT largely due to the increase in US blended cigarette production. Imports from the US rose three-fold with its market share surging to 66 percent. Thailand competed aggressively although supplies from Indonesia and China suffered declines. Burley imports are expected to grow in 2003 in line with the anticipation of greater demand for US blended cigarette. Domestic manufacturers also imported about 1,271MT of oriental tobacco in 2002, mainly from Turkey and Greece for blending purposes. Macedonia and Bulgaria were still off the market in 2002.

In 2002, Malaysia exported/re-exported 399 MT of burley, mainly to Australia and Vietnam.

Imports volumes and value of Total Unmanufactured Tobacco CY2001 are provided below:

		Jan -Dec 2001	
		MT	Value (US\$)
1	U.S.A.	9,933	74,395,909
2	Indonesia	5,055	13,279,186
3	China	3,402	10,131,399
4	Thailand	2,195	7,125,312
5	Turkey	2,132	9,701,641
6	Brazil	2,081	6,486,574
7	Zimbabwe	828	3,009,117
8	Philippines	761	2,126,380
9	India	379	1,238,126
10	Greece	372	1,839,276
11	Spain	333	702,793
12	Canada	319	1,342,459
13	Argentina	149	315,281
14	Malawi	144	402,746
15	Pakistan	133	185,473
16	Italy	130	729,167
17	Vietnam	123	331,969
18	U.A.E.	30	41,884
19	Mozambique	20	93,084
20	United Kingdom	10	7,106
21	Kenya	10	6,845
22	Switzerland	8	41,026
23	Germany, FR	4	21,221
	--Total	28,550	133,553,974

Imports volumes and value of Total Unmanufactured Tobacco CY2002 are provided below:

		Jan -Dec 2002	
		MT	Value (US\$)
1	U.S.A.	23,355	141,664,716
2	Thailand	3,605	11,924,222
3	Brazil	3,006	8,552,500
4	Indonesia	2,770	7,561,009
5	Switzerland	1,271	9,565,197
6	Turkey	1,245	5,772,628
7	China	1,192	3,754,968
8	Malawi	745	2,485,557
9	Zimbabwe	528	1,533,551
10	Canada	263	934,579
11	India	243	487,492
12	Spain	198	557,522
13	Italy	191	998,366
14	Argentina	182	575,160
15	Pakistan	169	216,045
16	Germany, FR	143	541,589
17	Philippines	129	243,885
18	Vietnam	117	311,422
19	Greece	112	812,475
20	Kenya	74	109,105
21	U.A.E.	62	72,704
22	Australia	54	143,709
23	Netherlands	18	69,891
24	France	2	4,519
	--Total	39,675	198,892,810

Import Trade Matrix for Tobacco, Unmfg., Total

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	9933	U.S.	23355
Others		Others	
Indonesia	5055	Thailand	3605
China	3402	Brazil	3006
Thailand	2195	Indonesia	2770
Turkey	2132	Switzerland	1271
Brazil	2081	Turkey	1245
Zimbabwe	828	China	1192
Philippines	761	Malawi	745
India	379	Zimbabwe	528
Greece	372	Canada	263
Spain	333	India	243
Total for Others	17538		14868
Others not Listed	1079		1452
Grand Total	28550		39675

Export Trade Matrix for Tobacco, Unmfg., Total

Export Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
Australia	230	Australia	1117
Philippines	160	Vietnam	74
Singapore	23	Philippines	31
China	20	Singapore	24
		Paraguay	23
Total for Others	433		1269
Others not Listed			
Grand Total	433		1269